EXHIBIT V

Sterling Planet Holdings, Inc.

Consolidated Financial Statements
December 31, 2009 and 2008

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PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Directors and Stockholders
Sterling Planet Holdings, Inc.

In our opinion, the accompanying consolidated balance sheets and the related statements of operations, stockholders' deficit and cash flows present fairly, in all material respects, the financial position of Sterling Planet Holdings, Inc. and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, as of December 31, 2009, the Company has a net working capital deficiency and a net retained deficit. Management's plans in regard to these matters are also described in Note 1.

PricewaterhouseCoopers LLP

October 1, 2010

Sterling Planet Holdings, Inc.
Consolidated Balance Sheets
December 31, 2009 and 2008

(in thousands of dollars)	**2009**	**2008**
Assets		
Current assets		
Cash	$ 3,282	$ 3,201
Restricted cash	784	479
Accounts receivable, net	1,876	4,266
Renewable energy credits, at cost	3,575	5,025
Loan receivable	1,390	1,130
Prepayments and other current assets	445	534
Total current assets	11,352	14,635
Property and equipment, net	7,044	2,180
Total assets	$ 18,396	$ 16,815
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 262	$ 943
Deferred customer revenue	17,030	16,810
Current maturities of long-term debt	-	81
Other current liabilities	1,488	1,518
Total current liabilities	18,780	19,352
Long-term debt, net of current maturities	-	94
Total liabilities	18,780	19,446
Commitments and contingencies (Notes 5 and 7)		
Stockholders' deficit		
Sterling Planet Holdings, Inc. equity (deficit)		
Preferred stock, $.01 par value, 50,000,000 shares authorized; 4,366,987 issued at December 31, 2009 and 2008; 4,302,885 and 4,366,987 shares outstanding as of December 31, 2009 and 2008, respectively	43	44
Common stock, $.01 par value, 100,000,000 shares authorized; 13,896,898 issued at December 31, 2009 and 2008; 12,437,044 shares outstanding at December 31, 2009 and 2008	139	139
Additional paid-in capital	9,999	9,972
Stockholders' note receivable	(2,683)	(369)
Stockholders' subscription receivable	(55)	(55)
Retained (deficit)	(9,123)	(11,362)
Less treasury shares of 1,459,854 in 2009 and 2008, at cost	(1,000)	(1,000)
Total Sterling Planet Holdings, Inc. deficit	(2,680)	(2,631)
Noncontrolling Interest	2,296	-
Total stockholders' deficit	(384)	(2,631)
Total liabilities and stockholders' deficit	$ 18,396	$ 16,815

The accompanying notes are an integral part of the consolidated financial statements.

Sterling Planet Holdings, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2009 and 2008

(in thousands of dollars)	2009	2008
Revenue		
Commercial	$ 18,766	$ 10,160
Government contracts	493	1,358
Residential customer	1,273	1,075
Other	297	48
Total revenues	20,829	12,641
Operating expenses		
Cost of revenue	11,263	8,267
Employee compensation	3,181	2,400
General and administrative expenses	3,527	2,246
Depreciation and amortization	147	71
Loan receivable impairment	500	-
Total operating expenses	18,618	12,984
Operating income/(loss)	2,211	(343)
Interest income (expense), net	(17)	40
Other income	45	-
Net income/(loss) before income taxes	2,239	(303)
Income tax provision/(benefit)	-	-
Net income/(loss)	$ 2,239	$ (303)

The accompanying notes are an integral part of the consolidated financial statements.

Sterling Planet Holdings, Inc.
Consolidated Statements of Stockholders' Deficit
Years Ended December 31, 2009 and 2008

(in thousands of dollars), except share data	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid in Capital	Stockholders' Note Receivable	Stockholders' Stock Subscription	Treasury Stock Shares	Treasury Stock Amount	Accumulated Deficit	Noncontrolling Interest	Total
Balances at December 31, 2007	13,896,898	$ 139	4,366,987	$ 44	$ 9,972	$ (313)	$ (55)	-	$ -	$ (11,059)	$ -	$ (1,272)
Net loss	-	-	-	-	-	-	-	-	-	(303)	-	(303)
Stockholders' note receivable	-	-	-	-	-	(56)	-	-	-	-	-	(56)
Common stock	-	-	-	-	-	-	-	(1,459,854)	(1,000)	-	-	(1,000)
Balances at December 31, 2008	13,896,898	139	4,366,987	44	9,972	(369)	(55)	(1,459,854)	(1,000)	(11,362)	-	(2,631)
Net income	-	-	-	-	-	-	-	-	-	2,239	-	2,239
Stockholders' note receivable	-	-	-	-	-	(2,314)	-	-	-	-	-	(2,314)
Repurchase of Class A Preferred Stock	-	-	(64,102)	(1)	(43)	-	-	-	-	-	-	(44)
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	2,296	2,296
Share based compensation	-	-	-	-	70	-	-	-	-	-	-	70
Balances at December 31, 2009	13,896,898	$ 139	4,302,885	$ 43	$ 9,999	$ (2,683)	$ (55)	(1,459,854)	$ (1,000)	$ (9,123)	$ 2,296	$ (384)

The accompanying notes are an integral part of the consolidated financial statements.

Sterling Planet Holdings, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net income/(loss)	$ 2,239	$ (303)
Adjustments to reconcile net loss to cash provided by operating activities		
Depreciation and amortization	147	71
Non-cash share-based compensation	70	-
Early extingishment of debt	(44)	-
Changes in current operating assets and liabilities		
Accounts receivable	2,390	(2,191)
Renewable energy credits	1,450	(2,817)
Prepayment and other current assets	89	(1,794)
Loan receivable	(260)	-
Payables and accrued expenses	(711)	(524)
Deferred customer revenue	220	12,155
Net cash provided by operating activities	5,590	4,597
Cash flows from investing activities		
Purchases of property and equipment	(2,715)	(1,846)
Collateral deposits	(305)	-
Net cash used in investing activities	(3,020)	(1,846)
Cash flows from financing activities		
Purchase of treasury stock	-	(1,000)
Purchase of preferred stock	(44)	-
Advances to shareholders	(2,314)	(56)
Repayments of long-term debt	(131)	(70)
Net cash used in financing activities	(2,489)	(1,126)
Net increase in cash	81	1,625
Cash and cash equivalents		
Beginning of period	3,201	1,576
End of period	$ 3,282	$ 3,201
Supplemental disclosures of noncash investing and financing activities		
Interest paid	$ 2	$ 13

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization

Sterling Planet Holdings, Inc., a Georgia Corporation ("Sterling Planet" or "the Company") founded in 2000, offers comprehensive carbon neutral solutions for businesses, universities and organizations through the sale of Renewable Energy Credits ("RECs"), carbon offsets and energy efficiency certificates.

In March 2008, Sterling Planet was reorganized from Sterling Planet, Inc. to Sterling Planet Holdings, Inc. The Company then formed two separate operating entities under the new holding Company structure. The Company created a new Sterling Planet, Inc. entity and immediately transferred all of the operating assets to the new entity in exchange for all of the capital stock of the new entity. The Company also created a separate entity, Sterling Energy Assets, Inc., to house all of the project development assets related to future power and carbon offset projects that Company currently has under development.

During 2009, the Company and Steam & Control Systems, Inc. formed SEA Biomass Equipment, LLC ("SEA Biomass"). The new entity was formed to acquire used biomass power generation equipment for the Company's planned biomass energy project to be located in Georgia. The Company has a 50% ownership in SEA Biomass and management control of the entity. SEA Biomass had $4.6 million in equipment assets and no liabilities at December 31, 2009 The Company has consolidated SEA Biomass at December 31, 2009.

Prior to 2009, the Company had experienced losses since inception and had a net retained deficit of $9.0 million as of December 31, 2009. Further, the Company had no debt outstanding at December 31, 2009. The Company also had a working capital deficit of $7.4 million as of December 31, 2009. The Company's ability to satisfy its obligations is dependent on its ability to generate cash flows in excess of expenses at the entity level. The Company expects stable sales during 2010. As of August 31, 2010, the Company had approximately $1.7 million of cash on hand. Management believes that the cash on hand plus additional receipts in the normal course of business will be enough to fund operations for the remainder of the year.

2. Summary of Significant Accounting Policies

Cash
The carrying amount of cash approximates fair value.

Restricted Cash
Restricted cash consists of money market funds and certificates of deposit held as collateral for letters of credit issued on behalf of the Company. As of December 31, 2009 and 2008, restricted cash was $784,000 and $479,000, respectively.

Accounts Receivable and Allowance for Doubtful Accounts
Trade accounts receivables are recorded at the billed amount and do not bear interest. As of the end of 2009 and 2008, the allowances were approximately $142,000 and $92,000, respectively. The allowance for doubtful accounts is established based upon the amount the Company ultimately expects to collect from customers and is estimated based on a number of factors, including a specific customer's ability to meet its financial obligations to the Company, as well as general factors, such as length of time the receivables are past due, and the general economic

environment. Customer accounts are periodically written off against the allowance when the Company's collection efforts cease.

Loan Receivable

The Company has a loan receivable which is secured by a second mortgage on three parcels of property. The Loan Receivable balance was $2,159,000 and $1,130,000 at December 31, 2009 and 2008, respectively. During 2009, the Company evaluated the Loan Receivable and determined that due to the current economic conditions and values of the real estate securing the loan that a $500,000 valuation allowance was required.

Renewable Energy Credits, at cost

Sterling Planet has positioned its business on the resale of environmental assets called REC's. These credits are based on reducing greenhouse gases by producing electricity from renewable energy sources and measuring compliance through RECs. (RECs are also known as green tags, renewable energy certificates, or tradable renewable certificates.) RECs represent the rights to environmental benefits from generating electricity from renewable energy sources. The Company uses specific identification method to relieve RECs, at cost, to cost of revenues.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the lease term. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method. The estimated lives are as follows:

Computer equipment	3 years
Office furniture and fixtures	3–5 years
Leasehold improvements	Over the life of the lease

Maintenance and repairs are charged to expense as incurred. Long-term improvements are capitalized as additions to property, plant and equipment. Upon retirement or other disposal, the asset cost and related accumulated depreciation are removed from the accounts and the net amount is reported on the statement of operations as a gain or loss.

Purchased Intangible Assets

Purchased intangible assets represent the estimated fair value of acquired intangible assets used in our business. The Company purchased substantially all of the assets of Tiburon Energy Systems Corporation in August of 2005 for $64,000. The Company acquired intellectual property, specifically software, used in measuring and quantifying energy efficiency. The Company amortizes the value of intellectual property on a straight-line basis over the 5 year estimated life of the asset. The Company recorded $12,800 of amortization expense related to intellectual property in 2009 and 2008. Accumulated amortization was $57,000 and $44,000 at December 31, 2009 and 2008, respectively.

Revenue Recognition

The Company recognizes revenue from the sale of RECs when the transaction settlement process is complete and no further contractual obligation remains and collection of such revenue is probable. Revenues and related costs of sales are recognized on a gross basis when earned and the risks and rewards of ownership have transferred to the buyer.

Cost of Revenues
Cost of revenues includes all costs to obtain the RECs, including any purchasing costs such as broker commissions.

Marketing Costs
The Company expenses advertising and marketing costs as these costs are incurred. Advertising and marketing costs were approximately $355,000 and $171,000 for 2009 and 2008, respectively.

Stock Based Compensation
Share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the period in which the entire grant vests.

Use of Estimates
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments
The carrying value of cash, receivables, trade accounts payable, accrued interest and other accrued approximate fair value. The following table shows the carrying amounts and fair values of our long-term debt including any current portions included in our consolidated balance sheets.

	Carrying Amount	Estimated Fair Value
2009	$ -	$ -
2008	175,000	169,000

We estimate the fair value of our long term debt using a discounted cash flow technique that incorporates a standard market interest rate with adjustments for duration, optionality and risk profile.

Concentrations of Credit Risk
Financial instruments that subject Sterling Planet to concentrations of credit risk consist principally of accounts receivable. Sterling Planet's five largest customers accounted for approximately 73.5% and 78.0% of the outstanding receivable balance at December 31, 2009 and 2008, respectively.

Principles of Consolidation and Basis of Presentation
The consolidated financial statements reflect the operations of the Company and all of its wholly-owned subsidiaries and variable interest entities that are controlled by the Company. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. Upon consolidation, all intercompany accounts and transactions are eliminated.

3. Accounting Standards

Recently Adopted Accounting Pronouncements
In July 2009, the Financial Accounting Standards Board (FASB) issued The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, which supersedes all pre-existing FASB accounting guidance and establishes the FASB Accounting Standards Codification (the ASC) as the source of authoritative U.S. GAAP for nongovernmental entities. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, FASB will issue Accounting Standards Updates which will serve as updates to the codification. References to preceding FASB pronouncements or guidance will no longer be applicable. This standard is effective for interim and annual financial statements ending after September 15, 2009. Because the ASC did not alter existing U.S. GAAP, our adoption of this standard did not have any effect on our condensed consolidated financial statements. We have modified the references in the notes to our consolidated financial statements for the year ended December 31, 2009 to remove references to pre-codified U.S. GAAP, and references to authoritative accounting literature contained in our financial statements are made in accordance with the ASC.

In May 2009, the FASB issued ASC 855, Subsequent Events. ASC 855 is similar to prior guidance except for certain modifications: ASC 855 requires subsequent events to be referred to as either recognized or non-recognized subsequent events; additionally, it requires entities to disclose the date through which it has evaluated subsequent events and the basis for that date. ASC 855 is effective for interim and annual financial statements ending after June 15, 2009. We adopted ASC 855 during the year ended December 31, 2009, and it did not have any effect on our consolidated financial statements.

4. Property and Equipment

Software, equipment, leasehold improvements and accumulated depreciation consist of the following at December 31, 2009 and 2008:

(in thousands of dollars)	**2009**	**2008**
Land	$ 536	$ -
Software	1,323	1,021
Furniture and office equipment	346	211
Leasehold improvements	73	20
	2,278	1,252
Accumulated depreciation	(1,055)	(953)
Net	1,223	299
Intellectual property, net	7	20
Construction work in progress	5,814	1,861
Total property and equipment, net	$ 7,044	$ 2,180

5. Commitments

The Company has entered into various operating leases, with expirations through February 2011, for office space, equipment, and software used in its operations. Future minimum lease obligations under non-cancelable operating leases as of December 31, 2009 are as follows:

(in thousands of dollars)

Operating leases	
2010	$ 257
2011	256
2012	263
2013	-
2014	-
	$ 776

Total rent expense for the year ended December 31, 2009 and 2008 was $145,000 and $154,000, respectively. Certain real estate leases have fixed escalation clauses. Expense under such operating leases is recorded on a straight-line basis over the life of the lease. The Company's lease agreements generally have lease renewal options that are at its discretion and range in terms.

The Company enters into forward purchase contracts for RECs with customers and suppliers. The contracts are fixed in price and amount. Certain customer contracts also have options years that are executable by the customer. Future contractual sales obligations under non-cancelable sale agreements as of December 31, 2009 are as follows:

(in thousands of dollars)

Sales Obligations	**Fixed**	**Option**	**Total**
2010	$ 10,521	$ 11,019	$ 21,540
2011	3,232	15,843	19,075
2012	3,000	750	3,750
2013	3,000	750	3,750
2014	3,000	750	3,750
Thereafter	12,000	3,000	15,000
Total	$ 34,753	$ 32,112	$ 66,865

The Company's firm forward purchase obligations with suppliers total $16.0 million and contingent forward purchase obligations with suppliers total $2.9 million as of December 31, 2009. Firm purchase commitments by year are approximately $5,064,000, $2,786,000, $1,511,000, $1,300,000, $1,300,000 and $4,000,000 for 2010, 2011, 2012, 2013, 2014 and thereafter, respectively.

6. Long-Term Debt

The Company extinguished their outstanding debt in February 2009. The debt consisted of one promissory note between the Company and a stockholder that originated as of December 31, 2003 with a beginning principal balance of approximately $504,000. The note bore an interest rate of 6.6% with monthly payments of $7,500 for principal and interest and was set to mature in January 1, 2011. In exchange for early repayment of the debt, the note holder discounted the outstanding balance of the note by approximately 27%. The Company recorded a gain on early extinguishment of debt of $44,000. Interest expense for 2009 and 2008 was $44,000 and $13,000, respectively.

7. Contingencies

The Company is involved in certain routine legal proceedings that are incidental to its business. All of these proceedings arose in the ordinary course of the Company's business and, in the opinion of management of the Company, any potential liability of the Company with respect to these actions will not, taken together, be material to the Company's financial condition or operations.

8. Income Taxes

Sterling Planet accounts for income taxes using the asset and liability method in accordance with ASC 740, which requires that the Company realize deferred income taxes and provide deferred tax assets and liabilities for all significant temporary differences. In determining the amount of deferred taxes, it should be noted that the components of loss before income taxes and the benefit for income taxes from continuing operations are presented below and consist of the following:

(in thousands of dollars)	2009	2008
Current		
Federal	$ -	$ -
State	-	-
Current tax provision (benefit)	-	-
Deferred		
Federal	773	(95)
State	74	(22)
Deferred tax provision (benefit)	847	(117)
Change to valuation allowance	(847)	117
Total income tax provision (benefit)	$ -	$ -

The reconciliation of the provision for income taxes based on the U.S. federal statutory income tax rate to the Company's provision for income taxes is as follows:

(in thousands of dollars)	2009	2008
Expected federal statutory provision (benefit) at 34%	$ 761	$ (103)
State income taxes benefit, net of federal benefit	74	(22)
Nondeductible expenses	12	8
Other - net	-	-
Change to valuation allowance	(847)	117
Income tax provision (benefit)	$ -	$ -

The Company estimates its current tax exposure and assesses the temporary differences resulting from differences in the treatment of items, such as depreciation, for financial statement and tax purposes. These differences are reported as deferred taxes, measured at current rates, in the consolidated financial statements. Management reviews all reasonably available current and historical information, including forward-looking information, to determine if it is more likely than not that some or all of the deferred tax asset will not be realized. If management determines that it is likely that some or all of a deferred tax asset will not be realized, then a valuation allowance is recorded to report the balance at the amount expected to be realized. The components of the deferred tax asset and liability consisted of the following:

(in thousands of dollars)	**2009**	**2008**
Deferred tax assets		
Deferred tax asset (current)	$ 446	$ 140
Deferred tax asset (noncurrent)	(1,764)	2,994
Valuation allowance	(2,210)	(3,057)
Deferred tax liabilities		
Deferred tax liabilities (current)	-	-
Deferred tax liabilities (noncurrent)	-	(77)

Net deferred tax assets consist of:

(in thousands of dollars)	**2009**	**2008**
Deferred tax assets		
Net operating loss carryforwards (NOL)	$ 1,805	$ 2,994
Deferred compensation	206	119
Other	199	21
Gross deferred tax assets	2,210	3,134
Deferred tax liabilities	-	(77)
Net deferred tax asset	2,210	3,057
Valuation allowance	(2,210)	(3,057)
Net deferred tax asset	$ -	$ -

At December 31, 2009, the Company had Federal net operating losses of approximately $4.7 million, which begin expiring in 2016. Based on an analysis of the net deferred tax asset balance as of December 31, 2009 and 2008, it was determined that a valuation allowance was deemed necessary due to the uncertainty of future taxable income.

9. Capitalization

Common Stock

The Company certificate of incorporation authorizes the issuance of 100 million shares of common stock. Approximately 10.6 million common shares of stock were issued to the original founders when the Company was founded in 2000. The Company issued $2.8 million in Convertible Notes ("Notes") bearing 8% interest in 2005 and 2006. In May 2006, the Company converted the Notes into 2.0 million common shares of stock and 400,000 common warrants. The warrants have a four year life with an exercise price of $1.37.

Preferred Stock

During 2001 and 2002, the Company issued 384,615 shares of Series A Preferred Stock for proceeds of $600,000. The principal terms of the stock include a ten percent non-cumulative dividend that has preference before any common dividends are issued; liquidation preferences that entitles the holder to receive the original purchase price plus ten percent of the original purchase

price compounded per annum from the issuance date through the effective date of the liquidation. The holder has the option to voluntarily convert their shares to common stock. The Series A Preferred Stock automatically converts to common stock upon the first to occur of the following: the holders of at least two thirds of the outstanding shares consent to an automatic conversion or the completion a underwritten initial public offering with net proceeds of at least $25.0 million.

In February of 2007, the Company sold 3,982,372 shares of Series B Preferred Stock ("Series B") for gross proceeds of $7.0 million. Expenses of $683,000 associated with the sale of Series B were netted from the proceeds. The principal terms of the stock include an eight percent cumulative dividend, on the purchase price, that has preference before Series A preferred stock and any common dividends that are issued; liquidation preferences that entitles the holder to receive the original purchase price plus eight percent of the original purchase price compounded per annum from the issuance date through the effective date of the liquidation or conversion to common stock. As noted, the holder has the option to voluntarily convert their shares to common stock. The Series B Preferred Stock automatically converts to common stock upon the first to occur of the following: the consent of the Series B Majority to an automatic conversion or the Company enlisting in an initial public offering. As of December 31, 2009 and 2008, the Company has a contingent liability for Series B cumulative dividends of $1,753,000 and $1,040,000, respectively.

In 2008, the Company issued 119,318 Series B warrants in association with this sale to parties responsible for closing the transaction. The Series B warrants have a 5 year life and an exercise price of $1.76.

The Company purchased, from a shareholder, 64,102 shares of its preferred A stock for $44,000 in February 2009.

Treasury Stock
The Company purchased, from a shareholder, 1,459,854 shares of its common stock for $1.0 million in 2008

Stock Warrants
During 2001 and 2002, the Company issued 1,025,000 warrants in exchange for personal credit guarantees in related to the Company's $500,000 line of credit. The warrants have a ten year life and an exercise price of $0.20. All of the warrants are currently outstanding at December 31, 2009.

10. Related Party Transactions

During September 2009, the Company's Board of Directors approved a policy for advances to shareholders. The Company will provide a margin account to facilitate short-term liquidity for the shareholders. Each account is for the lesser of $1.0 million or 30% of the value of their common stock holdings. The shareholders will pledge surrender the appropriate stock certificates as collateral and execute a promissory note with the Company. The Company has the right to call the advances due at any time with 90 day notice. The Company advanced $850,000 each to Mel Jones, President, and Sonny Murphy, Chairman, under this policy during 2009. All advances were recorded as stockholder receivables. The Company has made other advances to shareholders in the ordinary course of business. In June 2009, the Company advanced $291,000 to T. Murphy Holdings, LLC. T. Murphy Holdings, LLC is a single member Limited Liability Corporation and Sonny Murphy is the managing member. The advance was made in connection with assets held for the benefit of King's Ridge Christian School. As of December 31, 2009, stockholder receivables for Mr. Murphy, Mr. Jones, and Richard Wernick, Board member were $1,015,000, $1,217,000 and $160,000, respectively.

11. Stock Based Compensation

The Company currently sponsors the following stock-based plan and agreement:

	Shares Issuable upon Exercise of Outstanding Stock Options[1]	Shares Issuable[1]	Details
2001 Option Plan	2,400,000	1,353,750	Grants of stock options to employees under individual agreements

[1]As of December 31, 2009

Substantially all of the stock-based awards vest at a rate of 20% per year over five years, although the Board of Directors may occasionally approve a different vesting period. Options are granted at exercise prices not less than the fair market value of our common stock on the grant date. The life of stock-based awards is typically ten years from the grant date.

In 2008, Sterling Planet's board of directors approved an increase to the stock-based compensation plan authorizing an additional 806,250 shares bringing the total shares available for grants to 2,400,000 shares at December 31, 2009. As allowed by ASC 718, prior to 2007, the Company elected to continue to apply the intrinsic-value based method of accounting described above, and adopted only the disclosure requirements of ASC 718. If the fair-value based method had been applied to all outstanding awards prior to January 1, 2006, net loss for the years ended December 31, 2008 and 2009 would not have been materially affected.

The Company granted 406,000 stock options during 2009. No stock options were exercised by employees during 2008 and 2009. Compensation expense for stock options granted to employees was $70,000 and $0 for the years ended December 31, 2009 and 2008, respectively. Unvested compensation expense of $77,000 will be recognized over the remaining vesting periods through 2014.

The following table summarizes the options outstanding and vested as well as the weighted average strike price and fair values: computed using the Black-Sholes valuation model.

		Weighted Average			
		Strike Price	**Fair Value**	**Vested**	**Weighted Average**
Options outstanding at January 1, 2008	352,000	$ .24	$ 0.02	331,666	$ 0.20
Forfeitures	(12,000)	1.00	$ 0.02	-	-
Vested	-	-	-	8,334	1.00
Options outstanding at December 31, 2008	340,000	$ .21	$ 0.02	340,000	$ 0.21
Granted	406,000	2.00	.36	-	-
Forfeitures	(25,000)	1.00	.02	-	-
Vested	-	-	-	197,665	2.00
Options outstanding at December 31, 2009	721,000	$ 1.19	$ 0.21	537,665	$ 0.92

The fair value for options granted was estimated at the date of grant using the Black Scholes option pricing model using the following weighted average assumptions:

Volatility	60.0 %
Dividend yield	0.0 %
Risk-free interest rate	4.14 %
Expected life (years)	6 years

12. Subsequent Events

In May 2009, the FASB issued ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date, but before financial statements are issued, or are available to be issued. Prior to ASC 855, guidance relating to subsequent events was contained in AU Section 560, "Subsequent Events," (AU 560) of the auditing literature, which was primarily directed toward auditors, not management. ASC 855 should be applied by management to the accounting for and disclosure of subsequent events, but does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance. In accordance with ASC 855, we evaluated subsequent events until the time that the financial statements were issued on October 1, 2010, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.